

## 3 Housing Constraints and Resources

This chapter describes the potential constraints applied by local, State, and federal governments, the private market, infrastructure, and the natural environment to the expansion of San Bruno's housing supply. Additionally, potential resources available through local, State, and federal programs are also discussed. This chapter is designed to address the requirements of Government Code Section 65583(a)(4) and (5).

### 3.1 GOVERNMENTAL CONSTRAINTS

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Although local ordinances and policies are enacted to protect the health and safety of citizens and further the general welfare, it is useful to periodically reexamine them to determine their continued relevance and if they constitute a barrier to the maintenance, improvement, or development of housing. This section describes existing governmental constraints and the ways in which the City has worked to reduce or remove them over the last Housing Element cycle.

#### LAND USE REGULATIONS

##### San Bruno 2025 General Plan

The land use categories of the San Bruno 2025 General Plan allow residential growth at various density levels. The General Plan Land Use Diagram is included as Figure 3.1-1. The City's Zoning Ordinance will be updated by 2010 to reflect these residential densities in accordance with **Program 2-A**. The General Plan explicitly provides that bonuses for "income-restricted housing shall be in accordance with State law, and in addition to the density or FAR." Land use categories that accommodate residential development include:

- **Very Low Density Residential.** Single family detached residential development at a density of 0.1 to 2.0 units per acre; innovative development patterns, preservation of natural features, pedestrian paths, and other amenities are encouraged.
- **Low Density Residential.** Single family detached development at a density of 2.1 to 8.0 units per acre; single family attached development may be allowed where clustering permits additional open space.
- **Medium Density Residential.** Residential development at a density of 8.1 to 24.0 units per acre; allows for single family detached and attached housing, small-lot and zero-lot-line development, and duplexes.
- **High Density Residential.** Allows single family attached and multifamily residential development at a density of 24.1 to 40.0 units per acre; includes ancillary uses such as rooming and boarding houses, sanitariums, and rest homes.

The updated General Plan also re-designated three major commercial corridors in San Bruno to new, mixed-use designations that will allow for commercial, office, and residential uses and so capitalize on the proximity of these corridors to BART and Caltrain. General Plan land use designations that allow for residential development at higher densities with mixed uses include:

- **Central Business District (Downtown Mixed Use).** Allows 3.0 base maximum FAR combined for all uses (residential and non-residential), with no separate residential den-

sity limitation. Downtown Mixed Use permits one or more of a variety of uses, including: retail sales; hotels; eating and drinking establishments; personal and business services; professional and medical offices; financial, insurance, and real estate offices; theaters and entertainment uses; educational and social services; and government offices. Active uses are required at the ground level, and residential use is permitted on second and upper floors only. Wholesale trade, drive-through facilities, and auto-related uses are prohibited.

- **Transit Oriented Development (TOD).** Allows 2.0 base maximum FAR combined for residential and/or non-residential, 3.0 maximum for parcels of 20,000 square feet or larger, and a potential additional 0.5 FAR bonus for off-site improvements and urban design amenities, as outlined in the Zoning Ordinance. In addition to FAR maximums, residential density shall not exceed 40 units per acre at base FAR, and 50 units per acre with all incentives (before State-mandated affordable housing density bonus). This classification permits a variety of uses, either individually or in mix with other permitted uses, including: retail sales; eating and drinking establishments; personal and business services; professional and medical offices; financial, insurance, and real estate offices; hotels and motels; educational and social services; government offices; and residential. This designation is generally applied in key corridors such as San Bruno Avenue and El Camino Real in areas with proximity to BART and Caltrain stations.
- **Multi Use-Residential Focus.** Allows 2.0 base maximum FAR combined for residential and/or non-residential, 3.0 maximum for parcels of 20,000 square feet or larger, with non-residential use not exceeding 0.6 FAR. Residential density shall not exceed 40.0 units per acre (before State mandated affordable housing density bonus). The City may grant a discretionary bonus of up to 8.0 units per acre for projects that undertake public right-of-way streetscape improvements in accordance with criteria established by the City. Multi Use-Residential Focus extends south along El Camino Real from Crystal Springs Road, placing emphasis on multifamily housing in new development projects. Multi Use-Residential Focus permits one or more of a variety of uses, including: multifamily and attached single-family housing; eating and drinking establishments; personal and business services; hotels and motels; and financial, insurance, and real estate offices. New retail uses are only conditionally allowed to ensure that such activities are concentrated in existing retail districts.
- **Neighborhood Commercial.** Residential units are conditionally permitted on upper floors as part of a mixed-use development with commercial uses; overall maximum FAR for all uses is 1.2 FAR (with no separate residential density limitation).

*Figure 3.1-1: San Bruno 2025 General Plan Land Use Diagram*

## **Residential Development and Density Bonuses**

California housing law requires that where affordable housing is included in residential developments, a density bonus must be granted. SB 1818 (Hollingsworth) amended the law in 2004 implementing the density bonus granted on a sliding scale such that the amount of the bonus increases as the percentage of affordable units increases, until the maximum of 35 percent is reached. Applicants also receive a greater bonus for provision of very-low income and low-income units, versus the provision of moderate-income units.<sup>1</sup>

## **Downtown and Transit Corridors Plan**

The Redevelopment Agency is engaged in development of a Transit Corridors Plan that focuses on commercial/transit corridors of El Camino Real, San Bruno Avenue, and San Mateo Avenue, adjacent to the future location of the Caltrain Station on San Bruno Avenue. The Plan will serve as the regulatory document to implement the new General Plan Update transit-oriented development and mixed-use land use classifications. The Plan will include design guidelines, development regulations, parking standards, and an implementation strategy that will facilitate development of mixed-use projects in the area. The planning process began in 2008 and is estimated to be completed in 2009, prior to completion of the Zoning Ordinance update. The new regulations for the corridors will be integrated into the updated Zoning Ordinance.

## **Zoning Development Standards**

A summary of development standards for the City's current residential zoning districts is shown in Table 3.1-1 and the current zoning designations are depicted in Figure 3.1-2. However, the Zoning Ordinance is expected to be updated immediately following the adoption of this Housing Element so as to be in accordance with the new General Plan. Zoning requirements for setbacks and lot coverages are similar to other cities in San Mateo County, and are not generally perceived as a constraint to housing development in San Bruno. Multifamily apartments are allowed by-right in the R-3 Medium Density and R-4 High Density Residential districts. San Bruno zoning and land use designations do not distinguish between kinds of residential use, such as an apartment building that provides transitional or supportive housing, or SROs. **Program 6-E** proposes actions to address the need for more supportive and extremely-low income housing, including arrangements such as SROs, rent-subsidized apartments leased in the open market, or long-term set-asides of units within privately-owned buildings. Likewise, San Bruno has worked to ensure that standards for single family residential areas also do not distinguish between kinds of residential buildings. **Program 3-G** requires the City to continue to permit manufactured housing on single family zones and ensures that no special restrictions apply to factory-built housing that do not apply to other residential uses in the zone.

## **Parking**

Parking requirements in San Bruno are also similar to other cities in San Mateo County and are not considered a major barrier to the development of affordable housing. However, recent experience with the Planned Development on the former US Navy Site demonstrated that reduced parking requirements can increase the affordability of housing without reducing the

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<sup>1</sup> California Government Code Section 65915, amended by Chapter 928, Statutes of 2004. This law only applies to developments consisting of five or more dwelling units.

attractiveness or convenience, particularly when the housing is transit-accessible and caters to special needs groups that have less demand for parking, such as the elderly or the disabled. As most of the opportunity sites in this Housing Element cycle are infill redevelopment in transit accessible commercial corridors, this finding may apply to many of these parcels. Policies T-34 through T-42 in the San Bruno 2025 General Plan require existing parking requirements be reviewed and revised in part to ensure they do not add unnecessary cost to affordable housing development. These General Plan policies also suggest ways in which the city can better meet parking needs without raising parking requirements, such as allowing the joint or shared use of parking facilities. Housing Element **Program 3-I** helps to implement those transportation policies by requiring the review and revision of parking requirements in conjunction with the update of the Zoning Ordinance to be consistent with the General Plan. Furthermore, **Program 3-I** requires the City to at minimum update parking standards to conform to State density bonus regulations (California Government Code Section 65915(p)). The Downtown and Transit Corridors Plan will also evaluate modification of parking standards in downtown and along El Camino Real and San Bruno Avenue.

### **Planned Development**

The purpose of the P-D Planned Development District is to allow a mixture of land uses, density, or design relationships that will produce a superior built environment but which may need a variety of exceptions to existing land use and zoning regulations. The P-D process is initiated by the property-owner/developer, at which time the City Council establishes a P-D district based on a preliminary development plan. A Planned Development Permit is then issued for all uses within the district, which in turn allows the City and the developer flexibility in development standards and provision of amenities. Additionally, because land use planning, design, and environmental review occur simultaneously, the P-D zone enables the City to approve multiple uses in one consolidated, efficient, and timely process.

San Bruno's largest Planned Development site under construction is the former U.S. Navy Site, now called The Crossing. Since 1999, the City has worked with the developer and consultants to prepare a U.S. Navy Site and Its Environs Specific Plan (January 2001, amended January 2002 and August 2005), entered into a Development Agreement (February 2002), and has granted building permits for all four phases of residential construction. Three out of four phases are complete, and the fourth—a 350-unit condominium project—is under construction with an expected completion date in 2009 or 2010. Other planned developments under construction or approved include Skycrest, a PD approved for 24 units in 2005 (under construction); Merimont, a PUP approved for 70 units in 2006 (under construction); Glenview Terrace, a PD approved for 16 units in 2006; and Cedar Grove, a PUP approved for 14 units in 2008.

### **Airport Noise and Land Use Regulations**

San Francisco International Airport (SFO) is located just east of San Bruno in unincorporated San Mateo County, and is a major source of noise in some areas of the city. The San Bruno 2025 General Plan contains policies designed to reduce the impact of airport noise on new residential development in particular, by establishing higher noise insulation standards for some noise-impacted areas, and by prohibiting new residential uses in the most airport noise-impacted areas. While this is a governmental constraint in that the City is imposing these regulations on new development, this issue is described in more detail under Environmental Constraints later in this chapter.

*Figure 3.1-2: Current City Zoning Designations*

*San Bruno Housing Element*  
*Chapter 3: Housing Constraints and Resources*

**Table 3.1-1: City of San Bruno Property Development Regulations: R-1, R-1-D, R-2, R-3, R-4, CBD**

	<i>R-1/R-1-D</i>	<i>R-2</i>	<i>R-3</i>	<i>R-4</i>	<i>CBD</i>
Minimum Building Site Required (sq ft)	5,000 interior lot 6,000 corner lot	5,000 interior lot 6,000 corner lot	5,000 interior lot 6,000 corner lot	5,000 interior lot 6,000 corner lot	2,000
Minimum Lot Area per Unit (sq ft)	n/a	2,900	1,950	1,450	n/a
Minimum Lot Width (ft)	50 interior lot 60 corner lot	50 interior lot 60 corner lot	50 interior lot 60 corner lot	50 interior lot 60 corner lot	25
Maximum Lot Coverage	80% impervious surface 40% structures	85% impervious surface 55% structures	85% impervious surface 60% structures	85% impervious surface 60% structures	100%, less required parking and landscaping
Minimum Yards (ft)					
Front	15	15	15	15	n/a
Side	5 interior lot 10 corner lot	5 interior sides 10 street sides	5 interior sides 10 street sides	5 interior sides 10 street sides	n/a
Rear	10	10	10	10	n/a
Minimum Setback from Sidewalk to Garage (ft)	20	20	20	20	n/a
Maximum Height (ft)	35	35	50 ft or 3 stories, whichever is most restrictive	50 ft or 3 stories, whichever is most restrictive	50
Parking					
Single Family	2 car garage or carport per unit.				
Single Family with second unit	3 covered spaces per single family home.				
Duplex (2 units, 3br each)	4 covered spaces.				
Studio	1.5 spaces per unit. At least one covered space provided for each unit.				
Apartment	2 covered spaces per unit.				
Mobile Home Park:	2 spaces per site. Parking may be tandem. One additional space for each 10 sites for laundry and recreational facilities.				
Rooming House, Lodging House	1 space for each two sleeping rooms.				
Guest Parking	In all instances, guest parking must consist of 0.1 spaces per unit.				

Source: City of San Bruno Community Development Department, Zoning Ordinance (Reprinted June 1999), 21 Elements Parking Standards Survey Internal Summary, September 2008.

## HOUSING FOR PERSONS WITH DISABILITIES

### Reasonable Accommodations

Both the federal Fair Housing Act (FHA) and the California Fair Employment and Housing Act (FEHA) mandate that cities make “reasonable accommodations” in their land use regulations when necessary to provide housing for disabled persons. (42 U.S.C. Section 3604(f)(3)(B); Government Code Section 12927(c)(1), 12955(1).) What this means is that reasonable exceptions to zoning and land use regulations (such as minimum setbacks) should be made if the reason is for improving the accessibility of one’s home. These fair housing requirements are included in California’s Title 24 regulations, which are currently enforced by the City through its Zoning Ordinance, building codes, plan review, and site inspections processes.

The San Bruno Zoning Ordinance allows housing for persons with disabilities by right in any residential zoning district. The current definition of family in San Bruno’s Zoning Ordinance—*“one or more persons occupying a premises and living as a single housekeeping unit as distinguished from a group occupying a hotel, club, fraternity, sorority house, roominghouse, or boardinghouse. A family shall be deemed to include necessary servants.”* (Ord. 1410 § 1 (part), 1982: prior code § 27-3.1 (part))—does not create unreasonable restrictions on persons with disabilities.

In regards to specific reasonable accommodations requests, San Bruno procedure is to process these requests over the counter. For example, a request for building a wheelchair ramp is processed over the counter and requires only a building permit, costing under \$100. City code allows a ramp to extend six feet into the 15-foot front yard setback, so it is unlikely that any further planning review would be necessary. City procedure is to process building permits using CalDAG 2003 and the 2007 California Building Code, as adopted by the City. No local amendments to these codes diminish the ability of the City to accommodate persons with disabilities. Requests for refunds to permit fees, based on economic need, are available through City Council review and approval. Retrofits made according to the Americans with Disabilities Act (ADA) are handled by the Building Division. **Program 3-F** ensures that the City will also formally adopt a procedure into the Zoning Ordinance during the update process.

### Group Accommodations (Including Supportive and Transitional Housing)

Special residential care facilities of six persons or fewer are allowed by right in the R-1, R-2, R-3, and R-4 residential zones. Special residential care facilities of six persons or fewer are treated no differently than any other residential use. The Fire Department and Building Division inspect the residence for compliance with codes for a single family residence; no special building permits are required. No noticing (or community input) is required for special residential care facilities of six persons or fewer. Special residential care facilities over six persons require a Conditional Use Permit, with review by the Planning Commission. Such permits are routinely issued usually for senior housing with disabled provisions. Community noticing and input for special residential care facilities over six persons is the same for all Conditional Use Permits, with no differences between types of residential development. No special residential care facility proposed within San Bruno has yet been denied.

San Bruno does not restrict siting or apply minimum distances to any special needs housing. There are also no explicit governmental constraints on the creation of specific kinds of special



residential care facilities such as supportive, transitional, or emergency housing. Supportive and transitional housing are treated no differently than any other residential use.

The City's Zoning Ordinance is currently compliant with Fair Housing Law. An update of the Zoning Ordinance has been budgeted by the City Council as an implementation measure following adoption of the Housing Element (**Program 2-A**) to ensure consistency between the General Plan, Housing Element, and Zoning Ordinance. **Program 6-A** ensures that during the Zoning Code Update, the definition of "special residential care facilities" is revised to explicitly include transitional and supportive housing uses.

## **OTHER EFFORTS TO FACILITATE AFFORDABLE AND ACCESSIBLE HOUSING**

Other housing programs address special incentives for housing projects designed and constructed for disabled persons. In the last Housing Element cycle, the City expedited permit review and waived planning, building, and licensing fees for affordable housing development—including units designed for persons with disabilities—at The Crossing (U.S. Navy Site), and **Program 5-G** directs the City to continue this policy throughout the community by providing expedited review and fee waivers for affordable housing, and housing for seniors and persons with disabilities. The City has also worked to facilitate affordable residential development in more areas of the city. In accordance with recommendations in the last Housing Element, which suggested the City modify development regulations in appropriate districts to encourage housing for special needs groups, the City adopted two new General Plan land use classifications<sup>2</sup> that encourage residential development in accessible central locations, Transit Oriented Development and Multi-Use Residential Focus, as well as amended the Zoning Ordinance to allow residential lofts in commercial zones. **Program 5-H** represents the continuation of the program to consider modifications to development regulations to encourage affordable housing through smaller-sized units and other approaches to reduce construction costs. **Program 5-F** represents the continuation of the program to encourage development of units designed for large families.

## **ORDINANCE 1284 HEIGHT AND DENSITY LIMITS**

As a result of a voter initiative, Ordinance 1284 was adopted by City Council in June 1977. The Ordinance was intended to preserve the existing character of San Bruno by requiring voter approval for high-rise developments, increased density in existing neighborhoods, and projects encroaching upon scenic corridors and open spaces. Permits and approvals cannot be issued to allow construction of the following types of buildings, unless approved by a majority of voters at a regular or special election:

- Buildings or other structures exceeding 50 feet in height;
- Buildings or other structures exceeding three stories in height;
- Buildings or other structures, modifications or redevelopment thereof in residential districts which increase the number of dwelling units per acre or occupancy, within each acre or portion thereof, in excess of limits permitted on October 10, 1974, under the then existing Zoning Chapter of the City of San Bruno;

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<sup>2</sup> The Updated General Plan, including the land use classifications, was adopted March 2009.

- Multi-story parking structures or buildings; or
- Buildings or other structures, modifications or redevelopment thereof which encroach upon, modify, widen, or realign the following streets hereby designated as scenic corridors:
  - Crystal Springs Road between Oak Avenue and Junipero Serra Freeway, or
  - Sneath Lane from El Camino Real to existing westerly City limits.

For any development for which the restrictions of Ordinance 1284 apply, the Ordinance also requires “Town Hall” type meetings in order that the public is fully informed before voting.

Each of the five restrictions under Ordinance 1284 may limit residential development within the city. However, the City has built considerable amount of housing since the adoption of the last Housing Element in 2003 (see Chapter 4) while Ordinance 1284 has been in place. Furthermore, during the last Housing Element cycle, the City took steps to address the constraints posed by Ordinance 1284 and performed a legal analysis of the applicability of the Ordinance in the Redevelopment Plan Area in 2005. The analysis revealed two types of projects that, *in the Redevelopment Area*, would not need voter approval: residential projects that are at a higher density than permitted in 1974 (because the residential density restriction only applied to residential zones that existed at that time), and projects that encroach upon or modify certain public streets. Additionally, the analysis concluded that while the ordinance limits the number of stories in a building to three, it does not specifically define a story. Consequently, the City Council amended the Zoning Ordinance to define a “loft floor” which opens to the space below separately from a “story” which does not, thus allowing extra living space to be developed within the confines of the 50-foot height limit.

Overall, Ordinance 1284 is most restrictive to existing residential neighborhoods because of the prohibition on increased densities on existing residentially zoned parcels (See below for a description of the treatment of second units specifically). This is because the ordinance was designed as a preservation measure. Ordinance 1284 is not viewed as a major constraint to affordable housing development in this Housing Element, however, because most of the identified housing opportunity sites are located in the corridors and in the downtown area and were previously zoned for commercial use. Height limits still apply, but in general the provisions of the ordinance are limited in scope and applicability for these parcels. For instance, Ordinance 1284 does not prohibit any of the following along the target corridors:

- Rezoning areas from commercial use to residential use at any residential density standard;
- Permitting mixed-use development on commercially zoned properties at any residential density standard;
- Residential redevelopment on former school sites, consistent with zoning;
- Below ground (more than 50 percent below grade) parking facilities; and
- Proposed development regulated under State laws, such as density bonuses, etc.

Due to the built-out nature of San Bruno, the ability to construct multi-story parking structures is limited less by this ordinance than by available parcel size. Most likely candidates are areas

where development sites have the potential for consolidation, such as the Citibank site adjacent to an existing City parking lot. Likewise, potential constraints to housing development as a direct result of declaring Crystal Springs Road and Sneath Lane as scenic corridors are also minimal. Major adjacent properties include the Golden Gate National Cemetery, City Park, Junipero Serra County Park, and interstate highway rights-of-way, all of which are already inappropriate locations for housing development. Moreover, the designation of these two roadways does not prohibit development, but merely the widening of the roadways themselves.

Although high densities are permitted by the General Plan along major corridors (with allowable densities in the Transit Oriented District that can reach up to 64 units per acre<sup>3</sup>), some development professionals have indicated that the building height limit of Ordinance 1284 is a potential constraint on the feasibility of developing high-density housing along commercial corridors in San Bruno. As an adopted City ordinance that has been in place for over three decades, it is unlikely that Ordinance 1284 will be lifted during the Housing Element timeframe. However, the Downtown and Transit Corridors Planning process will analyze the economics of developing mixed-use housing over retail, including an evaluation of increasing the height limit in certain areas, such as at key intersections. A few comments were received on this subject at the Community Open House on the Draft Housing Element; some supported keeping the height limit, while others supported considering a change in certain areas where it is compatible with other nearby heights. If, with further study, increased height limits are shown to be necessary to encourage desirable development, and the idea receives a positive response from the community, increased height limits in some areas could be presented to voters for approval. Such a proposal would require public education and dialog to discuss the benefits of high density housing near transit, such as increased transit ridership, reduced car use, reduced greenhouse gas emissions, and more affordable housing.

In the meantime, policies proposed in this Housing Element attempt to make affordable housing development feasible whether or not Ordinance 1284 remains unchanged: through financial and logistical support for lot consolidation (**Program 2-E**), reduced parking requirements (**Program 3-I**), density bonus incentives (**Program 5-B**), fee waivers (**Program 5-G**), modified development standards (**Program 5-H**), and other financing/subsidy strategies (e.g. **Program 5-E**).

## **SECOND UNITS: ORDINANCE 1421 AND AB 1866**

Ordinance 1421, adopted by City Council in 1983, was intended to preserve the existing scale and character in established residential neighborhoods. Under the ordinance, only second units constructed prior to June 1977 were permitted within the city due to safety, traffic congestion, parking, and infrastructure concerns. However, the passage of AB 1866 in the California State Assembly in 2002 conflicted with Ordinance 1421; AB 1866 mandates that as of July 1, 2003, second unit applications are to be considered through ministerial process, without discretionary review or hearing, according to an adopted City ordinance. AB 1866 stipulates that a City ordinance may include “requirements relating to height, setback, lot coverage, architectural review, site plan review, fees, charges, and other zoning requirements generally applicable to residential construction in the zone in which the property is located” (California Government Code 65852.2(b)(1)(G)). In other words, if all applicable zoning standards and procedures are

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<sup>3</sup> Base 40 units/acre + max. affordable housing bonus 14 (40 x 0.35) + offsite improvements 10 = 64 units/acre.

met, second units are to be ministerially approved in some residential areas of the City. Therefore, in July 2003, San Bruno adopted a Second Dwelling Unit Ordinance pursuant to California Government Code 65852.2. The ordinance, found in Section 12.92.031 of the City's Municipal Code, applies AB 1866 and sets standards for the development of second dwelling units so as to increase the supply of smaller and affordable housing units while maintaining compatibility with existing neighborhoods.

Permission to construct second units helps to ensure availability of affordable housing stock in San Bruno while maintaining current zoning standards in residential districts and preventing alteration of existing neighborhood character and scale. **Program 5-J** directs the City to encourage second units in new single family neighborhoods to accommodate multi-generational dwelling.

As a separate but related issue, **Program 1-C** continues the provision of information on how to legalize second units developed prior to 1977 in R-1 and R-2 zones. Through existing programs, the City has successfully legalized 30 second units constructed prior to June 30, 1977, and accomplished necessary life safety and building code upgrades (with the work paid for by the homeowners). Continued legalization of these units may also contribute a small proportion to the affordable units the City can count toward its RHNA. **Program 1-C** also directs the City to develop a legalization process and criteria for second units constructed between 1977 and 2003, while ensuring provision of adequate parking.

## DEVELOPMENT REVIEW PROCESS

Generally, all projects undergo a development review process through the Planning Department to ensure compatibility and safety of development throughout San Bruno. Permits and approvals from the Building Department are also required. Projects that do not require a General Plan or a zoning change do not need Planning Commission or City Council approval. Table 3.1-2 summarizes the housing types permitted by zoning district. Table 3.1-3 summarizes the types of permits required for housing projects and typical processing time. For non-conforming residential projects—those requiring a conditional use permit and/or variance—the application is forwarded to the Planning Commission upon recommendation by the Architectural Review Committee.

### 3.1-2: Housing Types Permitted by Zoning District

	ZONE				
Housing Types	R-1	R-2	R-3	R-4	C-B-D (Mixed Use)
SF-Detached	P	P	P	P	
SF-Attached	P	P	P	P	
2-4 DU			P	P	P
5+ DU				P	P
Residential Care =< 6P <sup>1</sup>	P	P	P	P	
Residential Care > 6P <sup>1</sup>	CUP	CUP	CUP	CUP	
Mobile-Homes	CUP	CUP	CUP	CUP	
Manufactured Homes	P	P	P	P	
2nd Unit	P	P	P	P	

1. P=Permitted CUP=Conditional Use

2. 1) Residential Care includes single room occupancy, transitional housing, and supportive housing.

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*Source: San Bruno Planning Division*

Depending on the conformity of a project application with the General Plan and the Zoning Ordinance, and magnitude and complexity of a development proposal, the time that elapses from application submittal to project approval may vary considerably. Factors which can affect the length of development review on a proposed project include a rezoning or General Plan amendment requirement, public meetings required for Planning Commission or City Council review, or a required Negative Declaration or Environmental Impact Report (EIR).

For a typical single family (infill) unit, required planning review ranges from two to three months and building review requires up to six weeks. A single family residential subdivision requires three to six months for planning review, three months for engineering work, and three months for building review. Multifamily developments generally require three to four months for planning review and up to four months for building review. As Architectural Review is not required of single family subdivisions but is required of multifamily housing developments, this could be seen as a constraint to the development of affordable housing. However, the City is actively working to mitigate this constraint through the development of the Downtown and Transit Corridors Plan, which will provide detailed development design standards and thereby increase certainty for developers and streamline the building review process in the future. This is particularly important in the transit corridors areas, because the vast majority of opportunity sites are in these corridors and the planning effort represents the priority the City places on transit-oriented and compact, efficient infill development. **Program 2-B** commits the City to completing this plan, and making these design standards available within one year after adoption of the Housing Element. The City does not impose any additional fees or burdens on multifamily development, supportive housing, transitional housing, SROs, or group homes. Again, the development review process for all conforming residential development is the same.

### **3.1-3: Timelines for Permit Procedures in San Bruno**

<i>Type of Approval or Permit</i>	<i>Typical Processing Time</i>	<i>Approval Body</i>
Site Plan Review	32 - 4 weeks	Planning staff
Architectural/Design Review (minor)	6 - 8 weeks	Architecture Review Committee
Architectural/Design Review (major)	8 - 16 weeks	Planning Commission
Conditional Use Permit	8 - 16 weeks	Planning Commission
Zone Change	12 - 24 weeks	City Council
General Plan Amendment	12 - 24 weeks	City Council
Subdivision Maps	12 - 24 weeks	City Council
Final Subdivision Maps	4 - 6 weeks	City Engineer
Parcel Maps	8 - 12 weeks	Planning Commission
Negative Declaration	4 - 6 months	Planning Commission
Environmental Impact Report	6 - 12 months	Planning Commission

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*Source: San Bruno Planning Division*

The length of San Bruno's review process is comparable to other Bay Area cities and should not be viewed as a constraint to housing development. Using a policy developed during the last Housing Element cycle, the City expedited the review and permitting for 1,063 housing units in four projects at The Crossing between 2002 and 2006. To further encourage the development of

affordable housing, Housing Element **Program 5-G** continues this program of expediting permit processing for very-low, low-, and moderate-income projects. Table 3.1-4 shows typical processing procedures by type of project.

### 3.1-4: Typical San Bruno Processing Procedures by Project Type

	<i>Single Family Unit</i>	<i>Subdivision</i>	<i>Multifamily Units</i>
	Site Plan Review	Site Plan Review	Site Plan Review
	Architectural Review	Design Review	Design Review
		Tentative Map	Initial Study
		Final Map	Negative Declaration
		Initial Study	
		Negative Declaration	
Estimated Total Processing Time	8 weeks	8 months	6 months

Source: San Bruno Planning Division

One way in which the City has expedited the review and approval of affordable housing projects in the past is through specific planning, which was done for the former Navy Site. Because the Specific Plan specified many requirements, such as environmental review, design guidelines, and parking, individual projects built within the Specific Plan area were processed more quickly. The City is currently working on the Downtown and Transit Corridors Plan, which will also be designed to expedite the approval of projects that meet development standards and guidelines in the area. Many of the opportunity sites identified in this document fall this new Plan area, so, in effect, the City is already footing the bill for extensive pre-planning for these sites.

In order to increase approval certainty, San Bruno is working to clarify design criteria for project approval through **Program 2-A**, **Program 2-B**, and **Program 2-F**, which concern the development of the Residential Design Guidelines and the Transit Corridors Plan, and the update of the Zoning Ordinance to be consistent with these documents and with the General Plan.

While the City’s General Plan and Zoning Ordinance brings uniformity and fairness to the regulation of the community’s housing stock, they do not adequately address many unique conditions that result from the city’s historic development patterns and great diversity. Therefore, the City is developing Residential Design Guidelines to assist the staff, Planning Commission, and City Council when considering exterior design of single-family and two-family residences in the city that require discretionary approval or a building permit. The design guidelines are intended to assist homeowners and builders in designing their projects with sensitivity to their neighbors, and to communicate the community’s expectations regarding new residential construction. The guidelines will address important planning and design issues that are not covered by the city’s primary regulatory documents, including enhancing the identity of residential neighborhoods, assuring compatibility in scale of structures within residential neighborhoods, controlling development of hillside lots, and encouraging the construction of Green Buildings. The purpose of the design guidelines is not to be cost prohibitive but to streamline the design review process by more clearly communicating community expectations to property owners and builders.

## **FEES AND EXACTIONS**

San Bruno has established fees for building permits and planning services for all residential developments. As shown in Table 3.1-5, 2009 development fees for a model single family for-sale home in a new subdivision total approximately \$21,657, while those for a model multifamily rental unit in an apartment complex total approximately \$7,927. Other planning fees are listed in Table 3.1-6, although they would not be applicable to a conforming residential project. These costs are estimates of potential building and planning fees, and do not include environmental review costs or the costs of providing new, or upgrading existing, infrastructure. However, they represent reasonable development costs and are not viewed as a constraint to affordable housing production. The building fees are still a small portion of overall housing development costs (See pages 3-31 and 3-32 for information about residential land and construction costs.) LEED certified projects are eligible for up to a 10 percent reduction in permit fees. The City Council may waive any fee in whole or in part based upon a showing of public purpose. A comprehensive permit fee nexus study was performed in 2006.

Often, a majority of the cost for new homes in a conventional single family subdivision is a result of the park in-lieu fee. However, this fee can be reduced or waived by providing on-site open space and recreational facilities. The Zoning Ordinance requires dedication of two (2) acres of parkland per 50 acres of residential subdivision (50 lots or more), or payment of in-lieu fees equal to the market value of land at a rate of 4.5 acres of parkland per 1,000 residents. It should also be noted that the park in-lieu fee applies only to residential subdivisions. However, it is assumed in this example that the developer would provide the park and recreational facilities required by the Zoning Ordinance, and in most cases, the developer is given proportional credit for the park and recreational facilities provided. The park in-lieu fee would be reduced or waived for those opportunity sites on closed school locations which are developed to preserve existing open space.

**Table 3.1-5: Model Development Fees, Conforming Development Projects (2009)**

	<i>Single Family For-Sale Subdivision</i>	<i>Multifamily Rental Apartment</i>
<b>Project Assumptions</b>		
Assumed Project Size (units)	25	100
Living Area per Unit (sq. ft.)	1,800	1,000
Parking Area per Unit (sq. ft.)	470	470
Construction Costs per Unit	\$277,450	\$197,900
	Per Unit Costs (\$)	Per Unit Costs (\$)
<b>Building Fees</b>		
Construction Fee	2,261	1,388
City Art Fund Fee	291	184
Demolition Permit Fee	396	271
Document Imaging Fee	197	133
Electrical Fee	322	226
Energy Check Fee	249	153
General Plan Maintenance	226	139
Mechanical Fee	400	350
Plan Check	1,696	1,319
Plumbing Fee	1,170	670
Recycle Admin	125	0
Seismic Fee	42	49
Technology Fee	203	125
Tree Planting/Pruning Deposit	540	540
C&D Deposit	1,000	0
Water Fees	2,969	893
Wastewater Fees	6,251	1,426
Total Building Fees	\$18,337	\$7,867
<b>Planning Fees</b>		
Affordable Housing	See a. below	See a. below
Tentative/Final Tract Map <sup>b</sup>	2,000	n/a
Planned Development Permit/Arch. Review <sup>b</sup>	240	60
For-Sale Single Family Residential Tax <sup>c</sup>	1,080	n/a
Park In-Lieu Fee	See d. below	n/a
Total Planning Fees	\$3,320	\$60
<b>Total Fees per Unit</b>	<b>\$21,657</b>	<b>\$7,927</b>
<i>Total Fees as Percent of Construction Costs per Unit</i>	<i>7</i>	<i>4</i>

a. The City's Below Market Rate Housing Ordinance requires new residential developments with 10 or more units to provide a minimum of 15 percent of the total units affordable to very-low, low- and moderate-income households. The City Council may approve payment of an in-lieu fee of \$38,700 per unit for single-family detached and \$39,450 per unit for multi-family development.

b. These applications have no set fee. The applicant is responsible for actual cost of staff and consultant time.

c. Single-Family Residential Tax applies only to "for sale" units, not rental units.

d. Developers are required to provide adequate park and recreational facilities for a subdivision by the dedication of land in the subdivision or the payment of in-lieu fees. In most cases, proportional credit is given for on-site open space/recreational improvements. If an in lieu fee is required, the amount is based on the cost of land to provide the required recreational facilities.

Source: City of San Bruno Community Development Department, 2009.



### **Below Market Rate Housing Ordinance and In-Lieu Fee**

The construction of above-moderate income housing depletes the amount of available residential land, while contributing to rising land prices because of increased scarcity of developable sites. Market-rate housing development also exacerbates the affordable housing challenge by creating more need for goods and services typically provided by low-wage employees who need lower cost housing. In order to offset the negative effects of new market-rate housing on the provision of non-market rate housing, to ensure the continued availability of affordable housing, and to promote the economic integration of lower income households in neighborhoods throughout the city, San Bruno adopted a Below Market Rate Housing Ordinance in 2008 in accordance with old Housing Element Program 5-A. The Below Market Rate Housing Ordinance requires new residential developments of 10 or more units to provide a minimum of 15 percent of total units to very-low, low-, and moderate-income households. The Ordinance requires that affordable units are comparable in number of bedrooms, exterior appearance, and overall quality of construction to market rate units in the same project.

The City's first preference is for a developer to actually construct the affordable units; however, the City Council may approve an in-lieu fee of \$38,700 per single family detached unit and \$39,450 per multifamily unit if the new construction would be infeasible or present an unreasonable hardship to the developer due to factors such as project size or site constraints. The in-lieu fees are contributed to the City's Below Market Rate Housing Trust Fund. Approximately \$2.5 million in in-lieu fees have been collected from two projects—Skycrest and Merimont—as of October 2009.

There has been extensive debate over the question of who bears the cost of an inclusionary requirement. Depending on the relative strength of the housing market, the costs may be incurred by:

- Land owners, who may receive a lower price for their land if developers are expecting a lower profit margin from the inclusionary requirement;
- Developers, who may have to accept lower profits if housing prices cannot be raised; or
- Purchasers of market-rate units, who may have to pay higher housing prices if the local and regional housing supply is limited and prices are at least as high in areas outside the City.

The fact that land-owners, developers, and/or purchasers of market-rate units may incur a portion of the cost of providing affordable units may be construed as a constraint to the overall development of housing in San Bruno. However, the City reduces this constraint by providing a wide range of incentives to developers who provide affordable housing units. These incentives include:

- Expedited processing for development applications;
- Planning and building fee waivers;
- Provision of State density bonuses; and
- Potential City subsidies for affordable housing in the Redevelopment Area.

***Regarding Flexibility in Meeting BMR Requirements***

San Bruno has built flexibility into the Below Market Rate Housing Ordinance. The City Council may approve alternatives to the construction of new inclusionary units where the proposed alternative supports specific housing element policies and goals (such as those for provision of second units, or rehabilitation of older structures) and assists the City in meeting its state housing requirements. Alternatives may include, but are not limited to:

- Construction of affordable units off-site,
- Acquisition and rehabilitation of affordable units,
- Conversion of existing market units to affordable units,
- Dedication of land to the City suitable for the construction of affordable units, and
- Construction of affordable second dwelling units.

The City's first preference is for the actual construction of new affordable units. However, any approval or conditional approval shall be based on a finding that:

- The net cost of the alternative is at least equal to the net cost to provide below market rate units;
- The alternative does not detract from the City's program to meet its housing goals and obligations under California Housing Law (Government Code Section 65580 and following) and California Community Redevelopment Law (Health and Safety Code Section 33000 and following); and
- New construction would be infeasible or present unreasonable hardship in light of such factors as project size, site constraints, market competition, price and product type disparity, developer capability, and financial subsidies available.

Evidence must be submitted to the City Manager or designee and included in the request for any waiver of the construction of new affordable units.

The City encourages developers to apply for the State Density Bonus to reduce the impact of the BMR requirement, including density bonus parking standards. For example, the parking requirement for the proposed 48-unit mixed-use project in the downtown was reduced from the City standard of 2.1 per residential unit to 1.7 per unit, reducing the total by 20 spaces (applying a cost of \$20-30,000 per structured parking space, a savings of \$2 to \$3 million).

***Regarding Impacts on Timing, Cost, and Supply of Housing of BMR Requirements***

During the development of the BMR Ordinance, San Bruno hired an economic consultant to calculate reasonable in-lieu fees for new residential rental and ownership developments. This analysis included assessment of impacts of the proposed in-lieu fees on the feasibility of residential projects, and compared the parameters of San Bruno's BMR Ordinance to

inclusionary requirements in neighboring jurisdictions. The analysis concluded that while San Bruno's Ordinance would make development projects in the city somewhat less profitable than the status quo, the requirements would be within the range of practices in neighboring jurisdictions. For example, the economic consultant found that 11 of the 21 jurisdictions in San Mateo County, have inclusionary ordinances. Nine of the 11 jurisdictions with ordinances require 15 percent or more affordable units, as does San Bruno. Ten of the 11 jurisdictions with ordinances allow a fee to be paid in-lieu of the development of affordable units, as does San Bruno.

Although the Below Market Rate Ordinance was only adopted in 2008, the inclusionary housing policy has been applied to all new housing developments since the 2003 Housing Element was adopted. As summarized on page 1-2 and described in more detail on page 4-2, the City has had no trouble meeting the RHNA housing objectives from the last cycle. The inclusionary policy has been effective and there has been no evidence of a negative impact on the timing, cost, or supply of housing in the city. For instance, the developer of the Merimont 70-unit single family project negotiated a fee in-lieu of providing affordable units on site, and that project will be completed in 2010. A total of four projects have thus far negotiated payment of in-lieu fees because the sites were located far from the transit corridors and in the midst of traditional single-family residential neighborhoods. However, in the entitled downtown redevelopment project described in more detail in Chapter 4, the affordable units are being provided on site because the location specifically meets City goals for provision of affordable housing near transit and services.

### **Fees for Non-Conforming Projects**

The development fees for non-conforming projects, as contained in Table 3.1-6, are not a constraint to housing development. Residential uses are permitted by the new General Plan on all of the City's identified housing opportunity sites, so they would not require the higher application fees associated with a General Plan or Zoning Ordinance amendment or from Planned Development permits. In order to further encourage development of affordable housing, the City has already adopted policies of waiving building and planning fees for development of very-low, low-, and moderate-income housing. **Programs 5-G** and **5-H** continue those policies from the last Housing Element.

**Table 3.1-6: Other Development Fees, Projects Requiring Special Permits (2009)**

	<i>Application Fee (\$)</i>
Architectural Review *	1,600
Conditional Use Permit	1,610
Development Agreement *	4,500
General Plan Amendment *	4,500
Minor Modification	925
Miscellaneous Required Review	370
Parking Exception	1,180
Planned Development Permit *	4,500
Planned Unit Permit *	4,500
Temporary Use Permit	450
Variance	1,975
Zoning Amendment *	4,000

\* Estimates. The applications require a deposit. The applicant is responsible for actual cost of staff and consultant time.

Source: City of San Bruno Community Development Department, 2009.

### **Comparison to Other San Mateo County Jurisdictions**

According to the survey conducted by San Mateo County through its 21 Elements process, total fees for single family housing vary significantly by jurisdiction (from \$17,800 to \$45,300), with most jurisdictions' total fees falling in the \$20,000-\$35,000 range. San Bruno's total fees for single family housing thus fall below the average for jurisdictions in the county.

According to the survey, total fees for 10-unit multifamily housing developments vary much more dramatically than for single family developments, with a range from \$71,600 to \$356,000. In this context, San Bruno's fees associated with multifamily residential development are well below the average across jurisdictions in the county.

## **INFRASTRUCTURE**

### **The Network**

As a built-out community, San Bruno's infrastructure network has been extended to virtually every corner of the city. All of the housing opportunity sites proposed in this Housing Element are on existing developed property connected to all City services. Redevelopment of these infill sites is not expected to require any infrastructure improvements by the City. Developers are required to pay fees for service hook-ups and/or for their proportionate share of improvements to the water treatment plant. The provision of on-site improvements, such as streets, curbs, gutters, sidewalks, landscaping, drainage, water, and sewer infrastructure, are standard conditions of development approval and have not been barriers to affordable housing development in the past. The City does not maintain any requirements for off-site infrastructure improvements. Infrastructure costs are incorporated into the total residential development project costs discussed under Market Constraints, below.

## **Water Supply**

According to the San Bruno Urban Water Management Plan (UWMP) (2007), the City receives water from two major supply sources: wholesale surface water from the San Francisco Public Utilities Commission (SFPUC) Regional Water System and local groundwater from the Westside Basin. San Bruno has historically used SFPUC regional water to meet demands that could not otherwise be met through local groundwater production. In the fiscal year 2004-2005, San Bruno total water demand was 3.76 million gallons per day (mgd), which comes roughly to .00009415 mgd per capita. Between 2000 and 2005, an average of 2.25 mgd, or 55 percent of the City's total supply, was purchased as part San Bruno's normal SFPUC purchases.

Back in 1984 San Bruno signed a Settlement Agreement and Master Water Sales Contract (Master Contract) with San Francisco, supplemented by an individual Water Supply Contract. These contracts provide San Bruno a Supply Assurance of 3.25 mgd. Although the Master Contract and accompanying Water Supply Contract expire in 2009, the Supply Assurance (which quantified San Francisco's obligation to supply water to its individual wholesale customers) survives their expiration and continues indefinitely.

Table 3.1-7 below roughly compares the total water demand projected and accommodated in the City's UWMP for 2015 to an estimate of the population and water demand that may result in 2014 from adding the RHNA allocation to today's (2008) population. As can be seen in the table, the UWMP was designed to accommodate a higher future population than is likely to occur even if all of this Housing Element's RHNA or Quantified Objectives (next chapter) are constructed this cycle. As such, water supply is not expected to be a constraint to future housing development.

**Table 3.1-7: San Bruno Water Demand Comparison**

<i>Urban Water Management Plan (2007)</i>	
UWMP 2015 Population Estimate <sup>a</sup>	45,672
UWMP 2015 Total Water Demand Estimate (mgd) <sup>b</sup>	4.30
2015 Calculated Per Capita Demand (mgd)	.00009415
<i>Future Water Demand Adjusted to Housing Element</i>	
2014 Population using 2008 Claritas + RHNA <sup>c</sup>	43,362
2014 Total Water Demand using 2008 Claritas + RHNA (mgd) <sup>d</sup>	4.08
2014 Population using 2008 Claritas + Quantified Objectives <sup>e</sup>	45,317
2014 Total Water Demand using 2008 Claritas + Quantified Objectives (mgd)	4.27
<sup>a</sup> . The UWMP 2015 population estimate is from SFPUC Wholesale Customer Water Demand Projections (URS, 2004), based on the City's 2001 Draft General Plan but adjusted for the U.S. Census estimates. This is a more conservative (higher) estimate of future population than that projected in the adopted version of the General Plan. <sup>b</sup> . The UWMP 2015 water demand was estimated using the Decision Support System Model, developed for San Francisco Public Utilities Commission's Water System Improvement Program (URS, 2005). <sup>c</sup> . Population using 2008 + RHNA takes the most current 2008 population estimate from the needs assessment chapter (40,706 from Claritas) and adds the potential additional residential population that would result from 973 new units at 2.73 persons per household (the ABAG persons per household number for 2015). <sup>d</sup> . Demand using 2008 + RHNA multiplies the population under (c) by the calculated per capita demand. <sup>e</sup> . Same method as (c), using additional residential population that would result from 1,689 new units.	

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Source: San Bruno Urban Water Management Plan (2007); Dyett & Bhatia, 2009.

## **Waste Water Treatment**

San Bruno jointly owns the South San Francisco-San Bruno Water Quality Control Plant whose dry-weather treatment capacity is 13 mgd. During dry weather San Bruno currently uses about 30 percent of plant capacity, or 3.9 mgd. There is no formal agreement as to the proportion of water treatment capacity entitled to each city, however, assuming fulfilling the RHNA represents a population increase of about 7 percent<sup>4</sup>, and assuming that per capita waste water treatment need remains unchanged, by 2014 San Bruno need would have increased by 7 percent to 4.2 mgd, or 32 percent of plant dry weather capacity. Waste water treatment is therefore not expected to be a constraint to housing development during this RHNA cycle.

## **Solid Waste Disposal**

San Bruno has been diverting at least 50 percent of solid waste from landfill since 2000. Materials that are not recycled are transported to the 173-acre Ox Mountain facility, a Class III (non-hazardous) facility managed by San Mateo County and serving other jurisdictions as well. While the County anticipates the landfill to reach capacity in 2017, an expansion is underway that is expected to extend capacity for an additional eight years. San Bruno does not anticipate RHNA housing development to be constrained by solid waste disposal capacity.

## **BUILDING CODE AND ENFORCEMENT**

The City has adopted the California Building, Building Conservation, Mechanical, Plumbing, Electrical, and Fire codes and the California Energy Efficiency Standards as the basis of its building standards. The City has also adopted the Uniform Code for the Abatement of Dangerous Buildings. Permits are required for all electrical and plumbing work, and other major home improvements and modifications.

San Bruno has several requirements in addition to the standard California Codes. These include:

- Complete removal of old roof materials required before replacement.
- Minimum roof quality required is Class B.
- Addition of sprinklers required in the rehabilitation of any building over 7,500 square feet.
- Noise insulation required for residential structures within the 65 dB community noise equivalent level (CNEL) or greater (necessary to meet Federal Aviation Administration standards).

In general, the City's building codes represent basic construction standards within the State of California and thus do not place an undue burden on the construction or rehabilitation of affordable housing. The one exception to this may be the noise insulation requirement. However, noise insulation is federally required in areas where noise levels meet or exceed 65 dB CNEL.

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<sup>4</sup> (973 units x 2.73 persons per household)/40,706)

It may be costly to rehabilitate or remodel older buildings that were constructed under less stringent building codes. Both the City's Redevelopment Agency and San Mateo County offer loan programs enabling owners of such buildings to achieve contemporary building standards, yet still maintain affordability.

## **REDEVELOPMENT AGENCY**

The San Bruno Redevelopment Agency received its first tax increment revenue payment in FY 2000/01, which included approximately \$100,000 in housing set-aside funds deposited into the Low and Moderate Income Housing (LMIH) Fund. Based on current projections, between years 2009/10 and 2014/15, the Agency estimates that the LMIH fund will receive around \$10 million in tax increment revenues (See Table 3.1-8 below for more detailed expenditure estimates by year and by program). In 2008/09, expenditures matched revenues (totaling \$1.5 million), so there was no additional money for other new housing projects. Expenditures included \$681,000 for an ongoing subsidy of 97 units affordable to very-low income households and \$100,000 for housing rehabilitation. While the Agency has not issued bonds in the past, it may in the future. Bonding capacity will be analyzed during the preparation of the Agency's third 5-Year Implementation Plan this year.

**Table 3.1-8: Redevelopment Agency Housing Programs and Estimated Expenditures**

<i>Program</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
Multifamily Development Program	336,000	376,000	418,000	460,000	504,000
Housing Rehabilitation Program	100,000	100,000	100,000	100,000	100,000
Affordable Unit Rent Subsidies	681,000	681,000	681,000	681,000	681,000
Service Delivery	652,500	666,000	679,000	693,000	707,000
<b>Total</b>	<b>1,769,500</b>	<b>1,823,000</b>	<b>1,878,000</b>	<b>1,934,000</b>	<b>1,992,000</b>

*Source: City of San Bruno, 2009.*

The Redevelopment Agency's Residential Rehabilitation Program offers low-interest loans for the repair of owner-occupied, single-family residences, and is run in conjunction with the San Mateo County Housing Rehabilitation Loan Program. Emergency repair loans up to \$10,000 and rehabilitation loans up to \$100,000 are offered for foundation and structural repair, termite damage, wiring and plumbing updates, accessibility modifications, and kitchen remodeling. The Redevelopment Agency has committed \$100,000 per year to the Emergency Repair Program and Residential Rehabilitation Loan Program. Only two projects have been completed in San Bruno so far, but the County is currently restructuring its Rehabilitation Program, which may lead to more projects moving forward in San Bruno.

San Mateo County also offers several low-interest loans for moderate or substantial rehabilitation of single-family residences owned by very-low or low-income homeowners, and multi-unit rental properties which benefit very-low or low-income households. Loan eligibility is determined by family size, income, and property location. Rehabilitation loans for housing in San Bruno totaled \$250,165 from Fiscal Years 05-06 through 07-08, and assisted four households. All of the homes that received loans were single family dwellings; no multifamily rehabilitation in San Bruno has been financed through this program in several years.

As proposed, the Redevelopment Agency-sponsored Home Ownership Program would provide loans of up to \$100,000 for down payment assistance to first-time homebuyers, City employees, public safety employees, and public school teachers. Homebuyer assistance would also be in the form of incentives to developers of new housing to include affordable units. However, the Home Ownership Program is unavailable during Fiscal Year 2008-2009 due to lack of funding. The Redevelopment Agency may consider activating this program in the future, particularly considering the expectation that home prices will continue to fall, allowing the Redevelopment Agency funds to go farther through the program.

The Redevelopment Agency's current five-year Implementation Plan projected that 1,010 housing units would be built within the Redevelopment Area between 2005 and 2014, including 61 units for very-low income households and 97 for low- or moderate-income households. The Agency is on track to exceed that goal: construction is complete on 713 units in three housing development projects at The Crossing (U.S. Navy Site), and 350 more units are currently under construction. Archstone I Apartments, with 60 units for very-low income households, and Archstone II Apartments, with 37 units for very-low income households, both receive subsidies from the Redevelopment Agency to ensure that their affordability will remain for 55 years. The third project, the Village at the Crossing, is 100 percent affordable to low-income seniors. All together, the finished projects include 138 very-low and 187 low-income units. The Agency also committed funding for a waiver of \$420,000 in building permit fees for the Archstone Apartments and \$180,000 for the Village at the Crossing.

State redevelopment law requires that any new or substantially rehabilitated housing which is assisted by Agency funds must remain affordable for the longest time feasible, but not less than 55 years for rental housing and 45 years for owner-occupied housing. The City's BMR Ordinance requires that affordable units must be sold at affordable cost for the full term.

## **HOUSING CHOICES VOUCHER PROGRAM**

The Housing Choices Voucher Program (formerly Section 8) is government assistance to help low-income families obtain safe, decent, and affordable housing. Under certain circumstances, the program may also be used to assist the household in purchasing a home. Families that receive vouchers can select units with rents that are either below or above market rate. The recipient of the voucher is responsible for finding appropriate housing within the private market. The federal government's Housing and Urban Development Department (HUD) mandates that the voucher recipient household must pay 30 percent of its monthly adjusted gross income for rent and utilities. HUD, through the County Housing Authority, then pays the remainder of the rent directly to the landlord. If the household chooses a unit where costs are greater than market rate, the voucher recipient is expected to pay the additional amount. Fiscal Year 2009 HUD-established fair market monthly rents for San Mateo County are \$1,078 for studios, \$1,325 for one-bedroom units, \$1,658 for two-bedroom units, \$2,213 for three-bedroom units and \$2,339 for four-bedroom units.

San Mateo County has received 3,723 vouchers from the federal government, all of which are utilized. As of March 2009, San Mateo County's Department of Housing reported 3,600 households on the County's Section 8 housing waiting list, with an average wait time of about three years. Average yearly turnover is between 200 and 300 households, or 20 to 30 per month.



### **Program Advantages**

**On-Time payments:** The Housing Choices Voucher Program offers real estate investors guarantees and safeguards unmatched by the private sector rental market. The government pays on-time, every time. It arrives in the mail the first of the month every month. This alone may outweigh all negatives from the perspective of a landlord.

**Longer contracts:** The program lease agreements are typically 1- and sometimes 2-year contracts. Although the tenant can attempt to break the lease and move, he/she must first locate the new property and go through the entire approval process again. The general rule is that if the investor keeps up the property, tenants tend to stay the length of the contract and often will renew to avoid having to go through the hassles of placement all over again.

**Good Tenants:** Generally speaking, program tenants tend to be good tenants. Most tenants waited and worked hard to qualify for their vouchers and complaints to the housing authority against the tenant could result in the tenant losing his/her voucher.

### **Program Disadvantages**

**Difficulty of move-in:** Often times, it is a lengthy process of paperwork and inspections before the tenant can move in and start paying. Some housing authorities are better than others and it depends on how quickly paperwork is submitted, inspections pass, etc.

**Wear and tear:** Most program tenants have large families and limited work, which means they are at home more often than a working family with fewer children. As a result, the property experiences more wear and tear.

Through Housing Element **Program 3-B** San Bruno will continue to support and participate in this program.

## **3.2 FUNDING SOURCES FOR AFFORDABLE HOUSING**

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This section describes several local, State, and federal housing programs that provide financial assistance to very-low, low- and moderate-income households for monthly housing costs, home rehabilitation, and down payment assistance.

### **FEDERAL RESOURCES**

- **Community Development Block Grant (CDBG).** Annual direct grants provided to metropolitan areas and urban counties to revitalize neighborhoods, expand affordable housing opportunities, and/or improve community facilities and services. The grants are aimed to benefit low- and moderate-income persons. In San Mateo County, CDBG funds are split between community development and housing development programs. The County received approximately \$2.8 million in CDBG for Fiscal Year 2009-2010. Funds are shared among 16 cities within the County and the County unincorporated area. No funding was specifically allocated to San Bruno in Fiscal Year 08-09, but the San Mateo County Department of Housing anticipates that \$50,000 will be allocated to San Bruno in Fiscal Year 09-10.
- **HOME Investment Partnerships Program.** Federally funded program for use by the State for housing rehabilitation, tenant-based rental assistance, assistance to homebuyers,

housing acquisition, and new housing construction. San Mateo County received approximately \$1.6 million in HOME funds for Fiscal Year 2009-2010. A special set-aside of approximately \$12,000 of HOME funding is allocated towards low-income first-time homebuyers. The deadline for Housing Development applications, many of which will use HOME funds, to the County was April 1, 2009.

- **Low Income Housing Tax Credit (LIHTC).** Created by HUD in 1997, allocates the equivalent of approximately \$5 billion annually to state and local agencies in tax credits for the acquisition, rehabilitation, or construction of rental housing for low-income households. In California, credits are administered by the California Tax Credit Allocation Committee (CTCAC). Nine affordable housing developments have been constructed in San Mateo County using LIHTC since 2000, comprising 406 units, but none have been in San Bruno.
- **HUD Homeless Management Information Systems (HMIS) Technical Assistance Program.** Provides technical assistance to promote the development of housing and supportive services as part of the Continuum of Care approach, and to enable local jurisdictions to better understand the scope and dimensions of homelessness in their communities so that they may address the issue and provide services more effectively.
- **Emergency Shelter Grants.** Federally funded program for use by states, metropolitan cities, and urban counties for the rehabilitation or conversion of buildings for use as emergency shelter and for homeless prevention activities. San Mateo County received approximately \$125,000 in Emergency Shelter Grant funds for Fiscal Year 2009-2010. The County dedicates all of its Emergency Shelter Grant funding to one agency, Shelter Network, which operates several homeless shelters and other types of social service assistance in communities on the San Francisco Peninsula.
- **203k Rehabilitation Mortgage Insurance.** A tool for neighborhood revitalization and expansion of homeownership opportunities, HUD's 203k Rehabilitation Mortgage Insurance programs insure the cost of rehabilitation of newly purchased homes that are at least a year old and fall within the FHA mortgage limit for the area. The 203k Streamline Limited Repairs program allows homeowners to refinance \$35,000 into their mortgages to pay for less extensive improvements or upgrades to a home before move-in.

## STATE RESOURCES

To ensure that lack of housing for California's workforce does not derail economic activity, the State maintains numerous housing programs including:

- **California Low Income Housing Tax Credit Program.** Augments the federal LIHTC program through allocation of additional tax credits for affordable housing rehabilitation and production. State tax credits are only available to projects that have previously received or are concurrently receiving federal tax credits, so the program does not stand alone. The 2009 cap for state tax credits is \$85 million.
- **Multifamily Housing Program.** Provides deferred payment loans local public entities or nonprofit organizations for the purpose of construction, rehabilitation, and preservation of permanent and transitional housing for low-income households. Loans have a term of 55 years with 3 percent interest and 0.42 percent payments due annually.

- **Downtown Rebound Capital Improvement Program.** Provides financing to revitalize downtowns and neighborhoods, reduce development pressure of agricultural and open space resources, and provide working families with options to live close to their jobs. Funding is through the Multifamily Housing Program.
- **California Housing Finance Agency (CalHFA) First-Time Homebuyer Programs.** Provides a variety of programs and assistance for eligible first-time homebuyers, including low-interest loans and down payment assistance. However, due to current State budget shortfalls, many of these programs are temporarily unavailable, including conventional 30-year fixed mortgage loans, the 30-year government insured/guaranteed mortgage, the California Homebuyer Downpayment Assistance Program (CHDAP), and the Extra Credit Teacher Home Purchase Program (ECTP).
- **Inter-Regional Partnership Program.** Between 2001 and 2004, provided grants to inter-regional consortia of two or more governments, two or more subregions within a multi-county council of governments, or a county working collaboratively with the State or federal government, to develop, evaluate and implement policies and incentives to mitigate current or future imbalances of jobs and housing. Grants were to be used for development of implementation plans, to promote jobs in residential communities and housing in “job rich” communities. Eight Inter-Regional Partnerships (IRPs) were funded by the program, and results from the projects are still being published. ABAG, of which San Bruno is a part, has been a leading participant.
- **Supportive Housing Initiative Act (SHIA).** Administered by the Department of Mental Health, the intent of this initiative is to provide the incentive and leverage for local governments, the nonprofit sector, and the private sector to invest resources that expand and strengthen supportive housing opportunities. SHIA targets very-low income Californians with disabilities such as mental illness, HIV and Aids, chemical dependency, and other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act, and may include families with children, elderly persons, young adults aging out of the foster care system, CalWORKS participants, individuals exiting from institutional settings, or homeless people (AB 2780, Statutes of 1998, Chapter 310). SHIA grant money can be used to provide both an array of supportive services to clients in housing and for the housing itself, including leasing or operating costs.
- **Transit-Oriented Development (TOD) Housing Program.** Provides funding to stimulate the production of higher density housing and related infrastructure within close proximity to qualifying transit stations that encourages increased public transit ridership and minimizes automobile trips. Provide loans for rental housing development and land acquisition for proposed housing development; grants for infrastructure that supports housing or facilitates connectivity to transit from one or more specific housing developments; or mortgage assistance for first-time low or moderate income homebuyers. All eligible projects must be within ¼ mile of a qualifying transit station, be at least 50 units in size, and include at least 15 percent of total residential units as restricted units for at least 55 years. Maximum loan, grant or combination of the two for a single development is \$17 million. Maximum assistance for applications based on a single qualifying transit station is \$50 million over the life of the program.
- **Housing Enabled by Local Partnerships (HELP).** Administered by the California Housing Finance Agency to local governments, HELP aims to provide affordable hous-

ing opportunities through program partnerships with local governments. However, as of March 2008, HELP has been temporarily suspended due to declining applications from municipalities and funding constraints.

## **LOCAL RESOURCES**

San Bruno participates in, distributes information about, and/or refers residents and project proponents to the following San Mateo County programs:

- **Housing Endowment and Regional Trust (HEART) of San Mateo County.** HEART'S mission is to raise funds from public and private sources to finance affordable housing in San Mateo County through loans to developers and homebuyers. As of Spring 2009, HEART had raised nearly \$10 million and invested in nearly 650 new housing units. Over \$7 million of the funds have come from public sources, including HCD, San Mateo County, CalHFA, and dues from member cities. HEART contributed \$1.76 million to the Village at the Crossing.
- **San Mateo County Home Loan Assistance Programs.** The County has administered two different mortgage assistance programs for moderate- and low-income first-time homebuyers as well as a housing rehabilitation loan program for both rental and owner-occupied housing that is occupied by very-low and low-income households. The Start/StartPLUS Down Payment Assistance Program is a special low-interest, deferred-payment loan program for first-time homebuyers that allows deferral of principal and interest payments for the first five years of the loan. A 5 percent down payment is typically required. However, the program is currently unavailable due to lack of funding. The Mortgage Credit Certificate Program, also for first-time homebuyers, provides federal income tax credits equal to 15 percent of annual mortgage interest. Buyers must have a maximum gross income of \$95,000 for a one- or two-person household and \$109,250 for a three or more person household. Between 25 and 30 credit certificates were made available starting June 2008.
- **FOCUS Priority Development Areas.** The FOCUS program, a joint effort of the four regional planning entities in the Bay Area (Association of Bay Area Governments, Metropolitan Transportation Commission, Bay Conservation and Development Commission, and the Bay Area Air Quality Management District), aims to develop a region-wide strategy for development and conservation. As part of the program, cities can apply for Priority Development Area (PDA) status for infill opportunity areas within existing communities, where they would like to see new housing and development along transit corridors. PDA-designated places are then eligible for technical assistance, planning grants, and capital funding from the regional agencies. San Bruno has earned "potential" PDA status for 700 acres along its three transit corridors (San Bruno Avenue, San Mateo Avenue, and El Camino Real). Nearly all of the housing sites identified in this Element are within or near the PDA.
- **Transportation for Livable Communities Housing Incentive Program.** Awards federal transportation funds to local jurisdictions in the San Francisco Bay Area that are locating compact housing near transit. Administered by the Metropolitan Transportation Commission, this Program seeks to maximize public investments in the transit infrastructure, encourage transit use, and address regional housing needs. In the third cycle of the program (FY 2007-08 – 2008-09), 11 projects have received funding totaling \$16.7 million. Two projects are in San Mateo County (Daly City and South San Francisco).

Additionally, the Human Investment Project for Housing (HIP), a local non-profit organization, administers several assistance programs, including the Self Sufficiency Program, which provides housing assistance to low-income families who are currently enrolled in education or job training programs. Rebuilding Together Peninsula, another local nonprofit, provides free home repairs and rehabilitation for eligible low-income seniors, families, and persons with disabilities.

### **3.3 ENVIRONMENTAL CONSTRAINTS**

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Environmental factors such as topography, soils, and seismic hazards, noise, and storm flooding are constraints to housing development in the city. In some cases, development is entirely precluded due to human health and safety risks or environmental sensitivity. In other cases, environmental constraints can be mitigated through appropriate residential design. None of these environmental constraints disproportionately impacts affordable housing, and policies are provided in the San Bruno 2025 General Plan to specifically address each of these issue areas in the context of all potential types of development. The updated General Plan provides maps of floodplains, wildfire hazards, geologic hazards, and other natural resource constraints to development throughout the city. None of the housing opportunity sites fall in a flood or wildfire hazard zone, and none of the sites were found to contain special status wildlife species or their habitat. Redevelopment of these corridors as mixed-use and transit-oriented development was analyzed at a programmatic level in the EIR on the General Plan Update. A summary of pertinent findings is included below.

#### **AIRPORT NOISE**

Ambient noise is a major concern in San Bruno due to the proximity of three freeways (Highway 101, and interstates 380 and 280), Caltrain and BART tracks, and the flight paths of SFO. The eastern portions of the city closest to SFO are most affected by noise from overhead flight patterns. Average noise levels are measured by decibels (dB) and community noise equivalent levels (CNEL). At a noise level of 65-69 dB CNEL, new residential development is required to have noise reduction analysis and noise insulation as needed. At 70 dB CNEL and above, new residential development is prohibited, which essentially means that new residential development and/or redevelopment cannot be allowed in the areas surrounding the BART and Caltrain stations, as well as in portions of the Belle Air Park North neighborhood. None of the sites identified in this Housing Element fall within the 70 dB airport noise contour; however, several are within the 65 dB contour, meaning that noise insulation on new housing construction will be held to the higher standards defined for those areas in the San Bruno 2025 General Plan. This additional noise insulation may incur somewhat higher costs for development relative to development on adjacent parcels outside the 65 dB CNEL area.

#### **GEOLOGIC AND SEISMIC HAZARDS**

Geologic hazards, including landslides, mudslides, and erosion, can be related to seismic activity but can also occur independently. The potential for future landslides is low east of Interstate 280 and west of Skyline Boulevard, and is low to moderate (with some pockets of high potential) in the Crestmoor and Rollingwood/Monte Verde neighborhoods. Areas of the highest potential for landslides are in Junipero Serra County Park and along the Park's eastern edge.

The active San Andreas Fault runs in a northwesterly-southeasterly direction through western San Bruno, roughly along Skyline Boulevard. Two inactive faults—Serra and San Bruno—are also present in the western and eastern portions of the city. Because of its active status, surface

rupture potential is considered moderate to high along the San Andreas Fault and in western San Bruno. A strong earthquake along the Fault could result in moderate to severe damage of nearby structures. Soils and subsurface materials east of Skyline Boulevard have good earthquake stability. Soils in the vicinity of Pacific Heights, Skyline College, and parts of the Crestmoor neighborhood have poor to good earthquake stability. Eastern portions of the city that are located on filled marsh lands may experience damage from soil liquefaction in the event of an earthquake.

The San Andreas Fault Special Studies Zone runs roughly along either side of Skyline Boulevard. State law requires cities and counties to regulate development within such zones and precludes construction of a structure for human occupancy, except certain wood-frame single-family dwellings, on an active fault trace or within 50 feet of an active fault. This is not considered to be a constraint, because none of the housing opportunity sites in this Housing Element are in earthquake zones.

## **STORM FLOODING**

Occasional flooding occurs in low-lying areas in the eastern portion of San Bruno, which consists of filled marshlands. Flooding occurs in these areas because of old storm drain infrastructure and low elevation, which subjects the areas to tidal influences. Spot flooding can occur in residential areas if debris blocks the city's drainage channels. High tide combined with heavy rains results in storm flooding adjacent to residential areas in the eastern portions of the city. This is not considered to be a constraint because none of the housing opportunity sites in this Housing Element are within flood zones.

San Bruno notes recent statutory changes to Government Code Section 65302 (Chapter 369, Statutes 207 [AB 162]) which requires amendment of the safety and conservation elements of the general plan to include analysis and policies regarding flood hazard and management information upon the next revision of the housing element on, or after, January 1, 2009. As the General Plan contains maps, analysis, and policies regarding flood hazards and management described in AB 162; and as the General Plan was updated, adopted, and CEQA-certified in March 2009; and as the General Plan has been a primary resource for the preparation of this Housing Element, therefore the City holds this Housing Element to be consistent with the newest and best information on flood hazards in San Bruno, pursuant to AB 162.

## **3.4 MARKET AND OTHER NON-GOVERNMENTAL CONSTRAINTS**

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Market constraints significantly affect the cost of housing and can pose barriers to housing production and affordability.

### **VACANT/UNDERDEVELOPED LAND**

San Bruno is located in an urbanized portion of San Mateo County and has no unconstrained vacant land on which new housing can be constructed. Steep slopes and seismic constraints limit development in the hilly western portions of the city, while the central and eastern portions have been built out since the 1960s. New development over the last seven years has been limited to redevelopment opportunities such as the reuse of the former U.S. Navy Site (1,063 units), reuse of the Carl Sandburg Elementary School site (70 units), and reuse of the former Skycrest Center (24 units). In conjunction with the update of the General Plan, redevelopment and intensification opportunities have been identified along the City's main commercial corridors: the sites

identified in this Housing Element are located along El Camino Real (Highway 82), San Mateo Avenue, and San Bruno Avenue. Parcels are relatively small, but because of high densities permitted, significant project sizes can be achieved even on small sites, and in many cases sites are adjacent to each other and could be assembled into a larger development opportunity site. Opportunity sites are discussed in more detail in Chapter 4.

### **OVERCOMING CHALLENGES OF SMALL SITES**

San Bruno recognizes the challenges associated with building affordable housing on small sites. Of the over 60 parcels listed as housing opportunity sites in the next chapter, the majority are already consolidated under existing ownership into lots that are about one acre in size or larger. Furthermore, the City has demonstrated progress in existing **Program 1-F** designed to conserve and expand the supply of small (non-conforming) residential lots. The updated General Plan allows development density/intensity to increase with the size of the development site, which encourages lot consolidation. **Program 2-E** sets out a strategy by which the City will evaluate needs for site acquisition, and expands these efforts by ensuring that RDA funds are leveraged in support of reducing the costs of mixed-use housing development on small sites. An example of a recent application for redevelopment on an assembly of small sites downtown is provided in Chapter 4.

### **RESIDENTIAL LAND COSTS**

Because San Bruno is a virtually built-out city where residences and businesses have been established for many years, very few sales transactions of raw land take place in a given year. A search for land transactions on CoStar Realty Information revealed just three land sales (of underutilized sites for redevelopment) in downtown San Bruno, all along El Camino Real and San Bruno Avenue, over the past five years; sale prices ranged from \$4.6 million to around \$6 million per acre. Current (February 2009) listings for vacant land on LoopNet, an online commercial real estate search service, showed several sites for sale in downtown San Bruno ranging from \$5.8 million to \$6 million per acre. These land prices are slightly more expensive than those currently listed in neighboring cities—similar properties in South San Francisco, Colma, and San Mateo had sales prices ranging from \$3.7 million to \$4.9 million per acre. All of these sites, including those in San Bruno, are designated for mixed-use development in the new General Plan; their commercial zoning will be updated to reflect new General Plan designations during the comprehensive Zoning Ordinance update in the next year.

### **CONSTRUCTION COSTS**

San Bruno's Community Development Department estimates construction costs (before fees) for a single-family residence at approximately \$277,450, and a multifamily residence at \$197,900 (see Table 3.1-3, which also shows the specific cost contribution of City building and planning fees). Construction costs, though, include both hard costs, such as labor and materials, and soft costs, such as architectural and engineering services, development fees and insurance. For multifamily homes in San Mateo County, hard costs account for 60-65 percent of the building cost and soft costs average around 15-20 percent (the remaining 15-20 percent is land costs). For single-family homes, hard costs often are roughly 40 percent of the total cost, soft costs are 20 percent and land is the remainder. Wood frame construction is generally the most cost-efficient method of residential development, and should be a viable building type for the vast majority of developments. However, local circumstances of land costs, desired use mix, and market demand will impact the economic feasibility of construction types.

Costs can also change dramatically in short periods of time. For instance, in late 2008/early 2009, construction costs dropped roughly 10 percent. According to Triad Communities, a builder with experience developing urban infill projects in the Bay Area, construction costs usually range from \$70 to \$75 per square foot for single-family homes and average \$105 per square foot for townhouses.<sup>5</sup> Construction costs for five-story condominiums above two floors of retail with below- and above-ground podium-style parking were approximately \$236 per square foot (including the cost of parking). Site work (grading and other infrastructure improvements) totals between \$60,000 and \$80,000 per unit for single-family homes, and between \$15,000 and \$45,000 per unit for townhouses, depending on site conditions and amenities. Structured parking generally costs around \$20,000 per space for above-ground and \$35,000 per space for below-ground. Soft costs (architectural fees, environmental studies, etc.) are less dependent on the number of units produced and can range from \$500,000 to over \$5 million for a residential development project depending on entitlement costs.

Without subsidies, new for-profit housing is likely to be unaffordable to extremely-low, very-low, and low-income households, and some moderate-income households. Reductions in amenities and lower-quality building materials can reduce sales and rental prices, but minimum building and safety standards must be maintained. In certain cases, greater density can increase the affordability of residential projects by reducing per-unit costs. Reduced parking requirements can also make housing more affordable (particularly for multifamily housing).

## **AVAILABILITY OF FINANCING**

### **Development and Construction Financing**

Over the last five years, with strong housing demand and relatively high land costs in San Bruno, residential developers generally have not encountered difficulty in obtaining financing for projects in the city. Financing costs do affect rental and sales prices and currently contribute about 10 percent to total development costs for multifamily rental housing. However, at the moment, many builders are finding it nearly impossible to get construction loans for residential property. In past years, lenders would provide up to 80 percent of the cost of new construction (loan to value ratio). In recent years, due to market conditions and government regulations, banks require larger investments by the builder. Complicated projects, like mixed-use developments, are often the hardest to finance. Nonprofit developers may find it especially difficult to secure funding from the private sector.

### **Home Purchase Financing**

Until mid-2008, home mortgage financing was readily available at attractive rates throughout San Mateo County and California. Rates vary, but ranged around 6.25 percent to 7 percent from 2006-2008 for a 30-year fixed rate loan.<sup>6</sup> However, rates have been as high as 10 or 12 percent in the last decade. Current interest rates for home loans are between 5 and 8 percent, depending on the terms of the down payment.

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<sup>5</sup> Triad Communities. Chad Kiltz, Personal communication, March 3, 2009.

<sup>6</sup> HSH Associates Financial Publishers.



In general, creditworthy buyers in San Bruno historically have not had difficulty obtaining loans. Home Mortgage Disclosure Act data for 2007 indicates that San Bruno residents have about the same rates of home improvement and home purchase loan approval as other San Mateo County residents. However, starting in late 2008, it became harder to get a home purchase loan. In particular, people with short credit history, lower-incomes or self-employment incomes, or those with other unusual circumstances, have had trouble qualifying for a loan or were charged higher rates. Small changes in the interest rate for home purchases dramatically affect affordability. A 30 year home loan for \$400,000 at 5 percent interest has monthly payments of roughly \$2,150. A similar home loan at 7 percent interest has payments of roughly 20 percent more, or \$2,660. San Mateo County runs two home loan assistance programs (described under Local Resources, above).

### **Foreclosures**

Many residents of San Mateo County are now suffering the consequences of financing agreements for homes that they can no longer afford, and foreclosures are on the rise in the area. San Bruno experienced 66 foreclosures in December 2008; the total for San Mateo County was 743. The rate of foreclosures in the city in the fourth quarter of 2008 was 2.3 per 1,000 homes, slightly higher than the Bay Area average of 2.1. Lower-income households are particularly at risk because they are more likely to have subprime mortgages. While neither San Bruno nor San Mateo County have programs specifically to help residents avoid foreclosure, the County Department of Housing lists numerous local and national resources that residents may use to help prevent defaulting on their mortgages.

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